

UnionBank Trust and Investment Services Group

UBP Philippine Dollar Bond Portfolio as of June 30, 2011

Investment Objective

The UnionBank Philippine Dollar Bond Portfolio is a US Dollar-denominated fund that seeks the total return of a diversified portfolio of foreign currency fixed-income instruments.

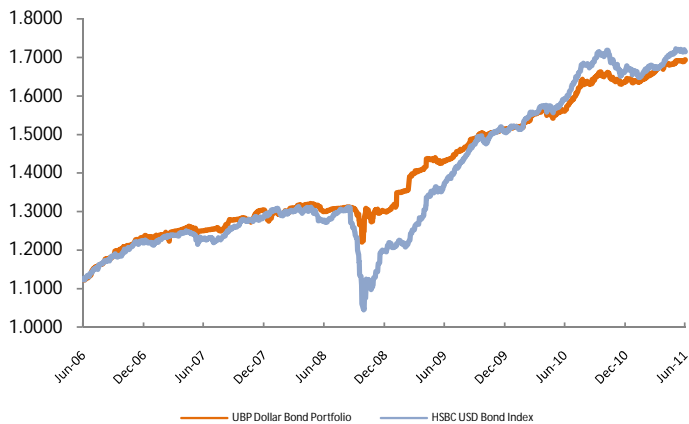
Fund Performance

Calendar Absolute Returns*	Dollar Bond	HSBC USD Bond Index
YTD	3.48%	3.14%
2010	8.05%	10.31%
2009	16.24%	25.42%
2008	0.45%	-6.50%
2007	5.89%	5.51%
2006	12.90%	7.19%
Cumulative Annualized Returns*	Dollar Bond	HSBC USD Bond Index
3yr period	9.20%	10.32%
5yr period	8.57%	8.84%

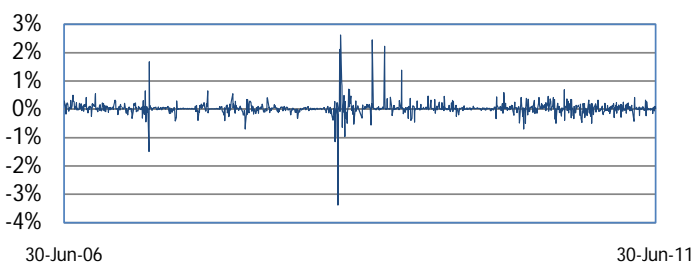
*Returns are reported net of fees.

Net Asset Value, end-of-period: USD 12.185Million
Bid NAV Per Unit (NAVpu) USD 1.686575
Offer NAV Per Unit (NAVpu) USD 1.701129

Net Asset Value per Unit



Daily Percentage Change of NAVpu



Risk Characteristics:

One day VAR at 3σ:	0.42%
Volatility, Past 360 Days:	2.65%
Duration:	4.19
Sharpe Ratio (Risk Free Rate = 0.27%):	3.13

Volatility is a measure of fluctuation of the NAVpu. Higher volatility means higher potential for gains or loss. Duration measures the sensitivity of the portfolio to interest rate movements. The higher the duration, the more the NAVpu will change with interest rate fluctuation. The Sharpe Ratio is a measure of risk-adjusted return. The higher the Sharpe, the higher the return per unit of risk. Risk-free rate used to compute the Sharpe ratio is the 1yr US TBill rate.

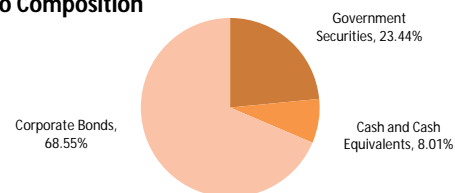
Fund Manager's Report

Philippine sovereign bonds (ROPs) ended flat in the month of June resulting from the pull of two opposing factors.

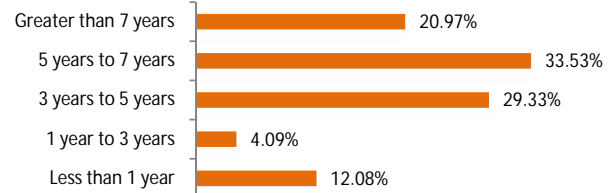
Growing fears of a looming default in Greece kept investors cautious and created a weak environment for risk assets. A major snag in the Greek aid plan dominated the bearish sentiment. Firmness in opposing views with little indications of compromise worsened market sentiment that even an aid plan is at risk and would surely mean a default. In addition, concerns of contagion were seen as CDS levels for Ireland, Portugal and even Spain increased.

On the other hand, Moody's one-notch upgrade of the Philippine sovereign debt moderated the overall weakness in bond prices causing ROPs to outperform its peers. The upgrade allowed for a more subdued weakness in ROP prices caused by EU debt woes. Aside from the Philippine's robust external payments position, the Moody's upgrade recognizes the country's improvements in terms of fiscal consolidation resulting to lower deficits and improved tax revenues. The entrenched strong external payments position receives a boost from increasing IT-BPO services which may eventually be comparable to the level of OFW remittances. The Philippines credit rating is now only 2 notches away from investment grade.

Portfolio Composition



Maturity Profile



Top 5 Holdings

SM Investment 6% 9/22/2014	18.63%
Intl Container Terminal Services 7.375% 3/17/2020	13.17%
National Power Corp 12/15/2016	12.75%
Alliance Global 6.5% 8/18/2017	11.26%
PT Adaro Indonesia 7.625% 10/22/2019	7.80%

Fund Facts

Classification:	Medium-term Dollar Bond Fund
Launch Date:	January 12, 2004
Client Suitability:	Moderately conservative to Moderately aggressive risk tolerance
Base currency:	United States Dollar
Initial Investment:	Usd 2,000
Minimum Additional Investment:	Not Applicable
Minimum Holding Period:	90 calendar days
Settlement Period:	One (1) Banking day after initial notice
Early Redemption Charge:	0.25% or Usd 10 whichever is higher
Trust Fees:	0.75% per annum
Custodianship Fees:	0.02% per annum
Applicable Tax:	7.5% on interest income
Custodian:	HSBC, Ltd Philippines
External Auditor:	Punong-bayan & Araullo
Dealing Time:	Daily up to 12 noon
Available Thru:	Unionbank of the Philippines branches
Bloomberg Ticker:	IFPHDLB

* All fees are accrued daily against the fund's total market value.

Complete list of holdings available upon request

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